Triangle Telephone Cooperative Association, Inc.

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May 1, 1996

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William F. Canton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

Dear Mr. Canton:

Enclosed is an original and nine copies of the comments of Triangle Telephone Cooperative Association, Inc. in response to the Commission's Notice of Proposed Rulemaking in CC Docket 96-45 (Reference FCC 96-93).

Also enclosed is one copy of our comments to be stamped and returned in the enclosed self addressed postage paid envelope.

Any questions regarding this filing may be directed to me at (406) 265-7807.

Sincerely,

Burl Miner

Burl Miner
General Manager

cc: International Transcription Service
Room 140
2100 M Street
Washington, DC 20037

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Federal - State Joint Board on	)	CC Docket 96-45
Universal Service	)	

Comments of Triangle Telephone Cooperative Association, Inc.

Triangle Telephone Cooperative Association. Inc. (TTC) respectfully submits its comments in the above referenced proceeding. TTC is a local exchange carrier servicing Northcentral and parts of southern Montana. Since its inception, TTC has made it a priority to provide quality and affordable universal service to its subscribers.

The Telecommunications Act of 1996 provides that universal service shall be at just, reasonable, and affordable rates to subscribers in all regions. The Congressional mandate created by the Act, as related to rural telephone companies, can be implemented with minimal changes to Part 36 separations rules and to Part 69 access charge rules. The FCC has the ability to encourage rural companies to deploy the infrastructure necessary to facilitate universal service and provide assistance to low income subscribers.

In order to assist in ensuring rates that are just. reasonable, and affordable, the FCC and Joint Board should establish a fund to recover the interstate portion of the loop costs of serving high cost, insular, rural, and unserved areas that are above an affordability benchmark. An interstate affordability benchmark equal to the nationwide loop cost to replace the End User Common Line (EUCL) caps would be a logical solution.

Universal Service Principles

The core set of services which should be supported to preserve and advance universal service initially should include voice grade access (residence and business) to the public switched network to enable a customer to place and receive calls (loop, switching and transport); touchtone; single party service; white page directory listing; access to operator services and directory assistance and access to emergency services (such as 911/E911). These services meet all four of the criteria contained in Section 254(c)(I). These services do not require a specific technology and should not present unreasonable technical barriers to entry for new competitors. However, the FCC could allow a grace period to permit telecommunications providers to undertake any upgrades that may be necessary to satisfy the definition. As noted above, no new performance standards should be required other than what is already required by the states and those requirements should be applied to all 'eligible' providers.

Current Universal Service Fund and DEM Weighting

In order to assure affordablility in rural areas, the current Universal Service Fund (USF) and Dial Equipment Minutes (DEM) weighting should be continued for rural telephone companies. These mechanisms have been of significant importance to rural companies and will continue to assist those companies since they lack economies of scale and scope to deaverage prices over their service areas.

The interstate expense adjustment of the USF should have the lag removed from the rules by changing the appropriate dates. Initial reimbursement for USF funds could be based on estimated costs for the year with true-ups completed when actual data is available. The cost associated with the interstate expense adjustment should be for the same period as costs included in subparts B, D, and E of Part 36 rules.

DEM weighting procedures would not change in Part 36, however Part 69 rules should be adjusted so that the difference between interstate allocations based on unweighted DEM and weighted DEM is collected through an external support fund rather than through the rates charged to the interchange carriers on a per minute of use basis.

Transition of Carrier Common Line Charges

Any new plan that is adopted as a result of this proceeding should contain adequate transitions (over several years) to avoid rate shock. unrecovered costs of providing service, and to give companies adequate notice to adjust their operations and rates to maintain financial viability.

If the plan implemented involves rebalancing EUCL prices, it should be done over a four year period. As EUCL prices are rebalanced, interstate Carrier Common Line (CCL) prices will be adjusted to recover the difference between the EUCL price and the interstate affordability benchmark. Interstate CCL will decrease as EUCL prices are rebalanced over the transition period and eliminated at the end of the transition.

Long Term Support (LTS) should continue to recover the difference between the nationwide average interstate CCL price calculated during the transition period and the interstate CCL price for exchange carriers participating in the NECA common line pool. LTS will decrease as EUCL prices are rebalanced and the interstate CCL decreases over the transition period. LTS will be eliminated at the end of the transition.

USF and Weighted DEM for non-rural telephone companies should be frozen during the transition and eliminated thereafter. The cap on USF should be allowed to expire.

Measures To Assure That Support Is Used For Its Intended Purpose

Under current rules, a company only receives support after it has incurred the costs for providing loop service to subscribers. The company is reimbursed for a portion of those costs according to the formula specified in Part 36 rules. Reimbursement of actual cost is an absolute way to assure that companies have used the support for the intended purpose. Accordingly, support must only go to those carriers that actually own and maintain their facilities. And it is only logical to conclude that carriers cannot be expected to invest in new facilities with the expectation of support and then find it pulled from under their feet.

Transitioning Concerns

Calculating actual costs for individual 'eligible' carriers provides the only measure, suggested so far, that can satisfy the three prong statutory requirement that: (a) Federal support must be 'sufficient' (Section 254(b)(f)); (b) each 'eligible' carrier must use its federal support only for 'provid[ing], maintain[ing], and upgrad[ing]' the intended services and facilities (Section 254(e)); and (c) universal service support must not cross-subsidize competitive services (Section 254(k)).

The factual record in CC Docket 80-286 demonstrates that the USF and DEM weighting mechanisms have been effective in keeping local rates reasonable and encouraging rural infrastructure development that is largely comparable to urban development, as required by the new Telecommunications Act. The inadequacy of mathematical proxy models to predict accurately an appropriate amount of cost has not changed since the Commission received comments in Docket 80-286 late in 1995.

The transition plan **must** recognize that the underlying incumbent carrier cannot remain in business by reselling its facilities at a discount from the residual of its total cost, particularly if it loses the access revenues or their equivalent in support.

Conclusion

TTC supports the Universal Service principles laid out in the Communications Act of 1996 and those principles contemplated by Commission Docket 20-286 NPRM. The provision of high cost support to rural telephone companies can be achieved with minimal changes to the jurisdiction separations rules accompanied by more substantive changes in the recovery of interstate costs, while recognizing that different mechanisms would be more appropriate for other telephone companies.

And, most importantly, any changes to the current rules should include adequate transition periods to avoid unrecovered cost shifts and rate shock to our subscribers.

Respectfully Submitted,

Burl Miner

Burl Miner
General Manager